

# **CENTERS for MEDICARE & MEDICAID SERVICES**

## **SUMMARY REPORT**

### **DME PUBLIC MEETING**

**June 17, 2002**

#### **INTRODUCTION AND OVERVIEW**

Dr. Bernice Harper, CMS Office of Professional Relations, moderated the meeting. Approximately 70 people attended. The agenda included 26 items.

Cindy Hake provided an overview of the DME public meeting process and related requirements under the Benefits Performance and Improvement Act (BIPA) 2000 was provided. The DME public meetings meet the BIPA requirements by permitting public consultation for coding and payment determinations for new DME, as explained in the Federal Register Notice published on November 23, 2001. At these meetings, interested parties have the opportunity to make oral presentations and submit written comments regarding coding and pricing recommendations for new DME that have been submitted using the HCPCS coding modification process.

The process for developing agendas and speaker lists for the DME public meetings is explained in detail on the CMS HCPCS web site at:  
[www.hcfa.gov/medicare/hcpcs.htm](http://www.hcfa.gov/medicare/hcpcs.htm) **All material linked to this web site will be migrated to a new site by September 1, 2002. The new official HCPCS site will be located at URL: <http://cms.hhs.gov/medicare/hcpcs/default.asp>**

Before the June 17, 2002 public meeting, the CMS HCPCS workgroup met to review the coding requests on the meeting agenda, and to make a preliminary coding recommendation to the HCPCS National Panel. CMS also made a preliminary recommendation regarding the applicable payment category and the methodology that will be used to set a payment amount for the items on the agenda. The preliminary coding and payment recommendations are posted on our web site, as part of the DME public meeting agenda.

At the public meeting, CMM staff C. Kaye Riley presented the preliminary coding recommendations for each agenda item. CMM staff Joel Kaiser presented an educational overview of the variety of methods used for setting the payment amount for items, and when the different methods are used. This overview was also provided as a written attachment to the agenda, and it is attached to this meeting summary. For additional information, the DME payment rules are located at Section 1834 (a) of the Social Security Act. In addition to this overview, Mr. Kaiser presented the preliminary payment recommendations for each agenda item.

The DME public meetings are neither CMS HCPCS workgroup meetings nor HCPCS National Panel meetings. No final decisions are made at the public meetings. All requesters will be notified in writing, in early November, of the National Panel's final decision regarding the HCPCS code request(s) they submitted.

## **AGENDA ITEMS**

### **Agenda Item # 1, Attachment # 02.107**

Request to establish a code for a tracheal suction catheter, Trade Name:

- A) Ballard TRACH CARE Closed Suction System for Adults
- B) Ballard TRACH CARE 72 Closed Suction System for Adults.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following codes for this DME accessory:

A????1 TRACHEAL SUCTION CATHETER, CLOSED SYSTEM, FOR 72 OR MORE HOURS OF USE, EACH

A????2 TRACHEAL SUCTION CATHETER, CLOSED SYSTEM, FOR USE LESS THAN 72 HOURS, EACH

CMS preliminary payment recommendation:

Codes A????1 and A????2 would fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). If covered, payment would be made on a purchase basis. The fee schedule amounts would be gap-filled by the DMERCs.

Timothy Dye of Kimberly-Clark Ballard, provided a presentation about the clinical and practical advantages of closed system suctioning. Mr. Dye basically agreed with the establishment of 2 new codes, but proposed a different text. He also suggested that, if the new codes for closed system suction catheters are established, we revise HCPCS Code A4624, so that the new codes would be exclusively used for closed systems.

### **Agenda Item # 2, Attachment # 02.140**

Request to establish a code for a vibratory positive expiratory pressure (PEP) therapy, Trade Name: acapella®.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E????? OSCILLATORY POSITIVE EXPIRATORY PRESSURE DEVICE, NON ELECTRIC, ANY TYPE, EACH

CMS preliminary payment recommendation:

Code E????? would fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS).

If covered, payment would be made on a purchase or rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Fredrick Richards, Director of Marketing and Business Management at the DHD Healthcare Corporation, stated his agreement with CMS' preliminary recommendation to establish a new code. He provided a presentation on the use of the acapella® for vibratory PEP therapy.

**Agenda Item # 3, Attachment # 02.187**

Request to establish a code for a nasal mask, Trade Name: Respironics Total™ Face Mask.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

A???? FULL FACE MASK USED WITH POSITIVE AIRWAY PRESSURE DEVICE, EACH

CMS preliminary payment recommendation:

Code A???? would fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). If covered, payment would be made on a purchase or rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Jacquelyn McClure of Respironics, Inc. agreed with the CMS HCPCS workgroups' preliminary recommendation to establish a new code. According to Ms. McClure, the code is pertinent for all payer groups.

**Agenda Item # 4, Attachment # 02.188**

Request to establish for a portable volume ventilator, Trade Name: Respironics' Lifecare PLV®-100 Portable Volume Ventilator.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???? VOLUME VENTILATOR, STATIONARY OR PORTABLE, WITH BACKUP RATE FEATURE, USED WITH NON-INVASIVE INTERFACE

CMS preliminary payment recommendation:

Codes E???? would fall under the DME fee schedule payment category for items requiring frequent and substantial servicing (pricing indicator of 31 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Jacquelyn McClure of Respironics, Inc. agreed with the CMS HCPCS workgroups' preliminary recommendation to establish a new code. According to Ms. McClure, the code is pertinent for all payer groups.

**Agenda Item # 5, Attachment # 02.189**

Request to establish a code for an oral CPAP interface, Trade Name: Oracle.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

A???? ORAL INTERFACE USED WITH POSITIVE AIRWAY PRESSURE DEVICE, EACH

CMS preliminary payment recommendation:

Code A???? would fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). If covered, payment would be made on a purchase or rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Steve Moore, Director of Marketing for Fisher & Paykel Healthcare Inc. indicated that Fisher & Paykel was pleased with the CMS HCPCS workgroups' preliminary recommendation, and hopes that the National Panel will concur. Mr. Moore asked about the possibility of coding replacement parts for the mask, when replacement of the entire mask is unnecessary.

**Agenda Item # 6, Attachment # 02.199**

Request to establish a code for a canula type nasal interface, Trade Name: Nasal-Aire.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel: Use existing code K0183. Note that a recommendation was also made to the HCPCS National Panel to convert the CMS code K0183 to the following "A" code effective January 1, 2003.

A???? NASAL APPLICATION DEVICE USED WITH POSITIVE AIRWAY PRESSURE DEVICE.

CMS preliminary payment recommendation:

Code K0183 falls under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). Payment is made on a purchase basis. The fee schedule amounts for K0183 will be cross-

walked to the new A???? code. The national, purchase, fee schedule ceiling for K0183 is currently \$79.98 and the floor is \$67.98.

Karen Rasmussen, Western Regional Manager for InnoMed Technologies, Inc. accepted the preliminary recommendation of the CMS HCPCS workgroup. She asked whether HCPCS code K0185 could be used for a head strap, in addition to using code K0183 for the nasal application device.

**Agenda Item # 7, Attachment # 02.185**

Request to establish a code for an electronic micro-pump nebulizer, Trade Name: Aeroneb® Portable Nebulizer System.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to revise code E0574 as follows:

E0754 ULTRASONIC/ELECTRONIC GENERATOR WITH SMALL VOLUME NEBULIZER

CMS preliminary payment recommendation:

Code E0574 falls under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). Payment is made on a rental basis. The national, monthly rental, fee schedule ceiling for E0574 is currently \$40.06 and the floor is \$34.05.

Angela Strand of Aerogen, Inc. disagreed with the preliminary recommendation of the CMS HCPCS workgroup. She provided a presentation during which she shared her perspective regarding differences in method of operation and clinical applications of between the Aeroneb® Portable Nebulizer system, and other systems that would be included in the recommended code category. Ms. Strand stated that in December, the SADMERC suggested the use of HCPCS code E1399 for the Aeroneb® Portable Nebulizer System.

**Agenda Item # 8, Attachment # 02.186**

Request to establish a code for a ventilator for continuous life support, Trade name: LTV® 950 Ventilator (Pulmonetic Systems).

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel: Revise code E0450 as follows:

E0450 VOLUME/PRESSURE VENTILATOR, STATIONARY OR PORTABLE, WITH BACKUP RATE FEATURE, USED WITH INVASIVE INTERFACE (E.G. TRACHEOSTOMY TUBE)

CMS preliminary payment recommendation:

Code E0450 falls under the DME fee schedule payment category for items requiring frequent and substantial servicing (pricing indicator of 31 in the HCPCS). Payment is made on a rental basis. The national, monthly rental, fee schedule ceiling for E0450 is currently \$949.79 and the floor is \$807.32.

Marcia Nussgart spoke on behalf of the Coalition of Respiratory Care Manufacturers, and disagreed with CMS' preliminary recommendation. Ms. Nussgart provided a presentation sharing her perspective of the technological differences and technical features that distinguish the LTV® 950 from the code category recommended by the CMS HCPCS workgroup. She reiterated her original request, and indicated that State Medicaid agencies are in support of the request for a new code.

Mrs. Deborah Dangoy provided a personal testimonial regarding her experience with the LTV® 950 Ventilator that is used by her daughter, Gabrielle. According to Mrs. Dangoy, without this particular ventilator, Gabrielle would not have been able to come home from the hospital.

**Agenda Item # 9, Attachment # 02.190**

Request to establish a code for an implantable intraspinal catheter for non-programmable infusion pump, Trade Name: InDura 1p.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel: Revise code E0782 as follows:

E0782 INFUSION PUMP, IMPLANTABLE, NON –PROGRAMMABLE  
(INCLUDES ALL COMPONENTS, E.G., PUMP, CATHETER, CONNECTORS,  
ETC.)

CMS preliminary payment recommendation:

Code E0782 falls under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). Payment is made on a purchase or rental basis. The national, purchase (new), fee schedule ceiling for E0782 is currently \$3,847.95 and the floor is \$3,270.76. The national, purchase (used), fee schedule ceiling for E0782 is currently \$2,885.96 and the floor is \$2,453.07. The national, monthly rental, fee schedule ceiling for E0782 is currently \$384.81 and the floor is \$327.09.

Patricia Christianson, Sr. Reimbursement Analyst, Global Economic Development for Medtronic Neurological attended the meeting. Although she did not provide a formal presentation, Ms. Christianson made herself available for

questions, and stated for the record that Medtronic is in agreement with the preliminary recommendation of the HCPCS workgroup to revise code E0782.

**Agenda Item # 10, Attachment # 02.192**

Request to establish a code for non-thermal pulsed high frequency radiowaves, high peak power electromagnetic energy, Trade Name: Diapulse® Wound Treatment System.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???? NON-THERMAL PULSED HIGH FREQUENCY RADIOWAVES, HIGH PEAK POWER ELECTROMAGNETIC ENERGY DEVICE

CMS preliminary payment recommendation:

In the absence of a CMS national coverage determination for this device, the DMERCs have decided that this item is not covered. Therefore, a fee schedule will not be established for this code at this time (HCPCS pricing indicator of 00 for “services not covered”).

Jesse Ross, D. Sci., of the Diapulse Corporation of America, expressed his thanks to the CMS HCPCS workgroup for its preliminary recommendation to establish a code, however, he suggested re-wording the text of the code for clarification. Dr. Ross specified the nomenclature that he would prefer.

**Agenda Item # 11, Attachment # 02.193**

Request to establish a code for a dynamic adjustable supination/pronation device, Trade Name: Dynasplint Supinator/Pronator System.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???? DYNAMIC ADJUSTABLE FOREARM PRONATION/SUPINATION DEVICE, INCLUDES SOFT INTERFACE MATERIAL

CMS preliminary payment recommendation:

Code E???? would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

George Hepburn, P.T., of Dynasplint Systems, Inc. provided a brief presentation on Dynasplint technology. He stated that Dynasplint Systems is in agreement with the CMS HCPCS workgroup recommendation to add a code, and that the device fits perfectly in capped rental. Mr. Hepburn suggested continuing with the E1800 code series.

**Agenda Item # 12, Attachment # 02.198**

Request to establish a code for a patient support system, Trade Name: Arycare Patient Support System.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???? MULTIPOSITIONAL PATIENT TRANSFER SYSTEM, WITH  
ADJUSTABLE INTEGRATED SEAT, CAN BE OPERATED BY THE PATIENT

CMS preliminary payment recommendation:

Code E???? would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Gene Smith of Arylift, Inc. stated that he appreciates and agrees with the CMS HCPCS workgroup coding recommendation. He provided a demonstration of the ArYlift device.

**Agenda Item # 13, Attachment # 02.184**

Request to establish a code for a therapeutic heating device, Trade Name: Port-O-Heat.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel:

Use existing code E0210 or E0215, as appropriate.

CMS preliminary payment recommendation:

Codes E0210 and E0215 fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). Payment is made on a purchase or rental basis. The national, purchase (new), fee schedule ceiling for E0210 is currently \$32.47 and the floor is \$27.60. The national, purchase (used), fee schedule ceiling for E0210 is currently \$24.36 and the floor is \$20.71. The national, monthly rental, fee schedule ceiling for E0210



is currently \$3.06 and the floor is \$2.60. The national, purchase (new), fee schedule ceiling for E0215 is currently \$70.49 and the floor is \$59.92. The national, purchase (used), fee schedule ceiling for E0215 is currently \$52.88 and the floor is \$44.95. The national, monthly rental, fee schedule ceiling for E0215 is currently \$7.73 and the floor is \$6.26.

Jack Taylor, President of Optima Medical Technologies, provided a presentation of the Port-O-Heat device. He indicated that the Port-O-Heat does not fit into the code categories recommended by the CMS HCPCS workgroup, or any existing codes. Mr. Taylor shared his perspective regarding differences between the Port-O-Heat and other heating devices, emphasizing that Port-O-Heat is the only “truly portable” device, and he reiterated the request for a unique code for the Port-O-Heat device.

**Agenda Item # 14, Attachment # 02.154**

Request to establish 3 codes for a therapeutic home unit, Trade Name: Dynatron STS Rx.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel:

Use existing codes E0720 and E0730 as appropriate.

CMS preliminary payment recommendation:

Codes E0720 and E0730 fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). Payment is made on a purchase basis. The national, purchase, fee schedule ceiling for E0720 is currently \$365.76 and the floor is \$310.90. The national, purchase, fee schedule ceiling for E0730 is currently \$368.73 and the floor is \$313.42.

Kelvyn Cullimore, Jr., President and CEO of the Dynatronics Corporation, disagreed with the CMS HCPCS workgroup recommendation to use existing codes E0720 and E0730. He chiefly objected to using codes for Transcutaneous Electrical Nerve Stimulation (TENS), and stated that the Dynatron STS Rx is not TENS. Mr. Cullimore provided a presentation during which he shared his perspective regarding technological and methodological differences between TENS, and treatment with the Dynatron STS Rx.

**Agenda Item # 15, Attachment # 02.139**

Request to establish a code for pneumatic compression device, Trade Name: ArtAssist®.

CMS HCPCS Workgroups' preliminary recommendation to the HCPCS National Panel:

Given the combined rental and sales information submitted in this request, the CMS HCPCS Workgroups' preliminary recommendation to the HCPCS National Panel is to use E1399, based on low volume of documented use.

CMS preliminary payment recommendation:

Claims for items billed using code E1399 (DME, Miscellaneous) are paid in accordance with the fee schedule payment methodology; however, a fee schedule is not established for the HCPCS code because it is used for miscellaneous and varying items. The DMERCs establish local fee schedule amounts for groups of like items that are coded using E1399. The DMERCs will assign the items to a DME fee schedule category. The HCPCS pricing indicator for code E1399 is 46 for "carrier priced."

Ed Arkans, M. Eng., President of ACI Medical, Inc. provided a presentation during which he shared his perspective of the uniqueness of the ArtAssist® relative to other external pneumatic compression (EPC) devices used to treat peripheral artery disease (PAD). He also discussed the existing and projected patient base for EPC for PAD. According to Mr. Arkans, the E1399 miscellaneous code is not an appropriate coding category for the ArtAssist®, because the product is confused with other EPC modalities in the code, and its prevalence is underestimated.

Dr. Alan Koslow, M.D., Vascular Surgeon, Iowa Heart Center, Des Moines, IA, provided a testimonial regarding his personal experience with patients with PAD and severe ischemia of the lower extremities, whose limbs have been saved by the ArtAssist® device.

**Agenda Item # 16, Attachment # 02.112**

Request to establish a code for home ultraviolet therapy devices, Trade Name: Foldalite-B™, Uvisol™, Panosol/Panosol II™, Hand/Foot II™ and Handisol™.

The CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel: Discontinue E0690 and establish the following 4 codes for this DME:

E???1 ULTRAVIOLET LIGHT THERAPY SYSTEM, FULL BODY, FOR HOME USE, EACH

E???2 ULTRAVIOLET LIGHT THERAPY SYSTEM, PARTIAL BODY, FOR HOME USE, EACH

E????3 ULTRAVIOLET LIGHT THERAPY SYSTEM, SMALL AREA  
(ONE SQUARE FOOT OR LESS), FOR HOME USE, EACH

A???? ULTRAVIOLET LIGHT THERAPY SYSTEM, REPLACEMENT  
BULBS, FOR HOME USE, EACH

CMS preliminary payment recommendation:

Code E????1 thru E????3 and A???? would fall under the DME fee schedule payment category for inexpensive or routinely purchased items (pricing indicator of 32 in the HCPCS). If covered, payment would be made on a purchase or rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Martha Christian of the Princeton Reimbursement contacted Cindy Hake prior to the meeting, to express her thanks to the CMS HCPCS workgroup for its preliminary recommendation. The Princeton Reimbursement Group agrees with the preliminary recommendation, and did not send a representative to the DME public meeting.

**Agenda Items # 17A and 17B, Attachment #'s 02.194 and 02.195**

Request to establish a code for shoulder flexionater, Trade Name: ERMI Shoulder Flexionater®; and a knee/ankle flexionater, Trade Name: ERMI Knee/Ankle Flexionater®.

CMS HCPCS workgroups' preliminary recommending to the HCPCS National Panel:

Based on information provided by requester, the CMS HCPCS workgroups' preliminary recommending to the HCPCS National Panel is to use E1399, for both products, due to low volume of documented use.

CMS preliminary payment recommendation:

Claims for items billed using code E1399 (DME, Miscellaneous) are paid in accordance with the fee schedule payment methodology; however, a fee schedule is not established for the HCPCS code because it is used for miscellaneous and varying items. The DMERCs establish local fee schedule amounts for groups of like items that are coded using E1399. The DMERCs will assign the items to a DME fee schedule category. The HCPCS pricing indicator for code E1399 is 46 for "carrier priced."

Dr. Thomas Branch, M.D., of ERMI, Inc. provided a presentation during which he shared his perspective of the uniqueness of the ERMI Shoulder Flexionater and Knee/Ankle Flexionater. He also discussed that the actual usage of the products

was significantly higher than that reported in the original HCPCS code application, for the 6-month marketing period.

**Agenda Item # 18, Attachment # 02.162**

Request to establish a code a pediatric, folding, growing, mobility base, Trade Name: Libre Tilt®.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following codes:

E???? SEATING SYSTEM FOR PEDIATRIC SIZE WHEELCHAIR BASE

E???? PEDIATRIC SIZE WHEELCHAIR BASE, GROWTH ADJUSTABLE WITHOUT SEATING SYSTEM

CMS preliminary payment recommendation:

Codes E????1 thru E????7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker – Gary Gilberti, from Chesapeake Rehab.

**Agenda Item # 19, Attachment # 02.191**

Request to establish a code for a wheelchair, Trade Name: Invcare Solara Wheelchair and Invacare Solara Jr. Wheelchair.

On behalf of primary speaker .... (?) in absentia?), Cara Bachenheimer of Epstein Becker & Green deferred to Marcia Nusgart, of the American Association of Homecare.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following codes:

E????3 STANDARD WHEELCHAIR, PEDIATRIC SIZE, INCLUDES TILT IN SPACE SEATING SYSTEM

E????4 STANDARD WHEELCHAIR, INCLUDES TILT IN SPACE SEATING SYSTEM

CMS preliminary payment recommendation:

Codes E????1 thru E????7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If

covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

No primary speaker for this item. Cara Bachenheimer of Epstein Becker & Green deferred to Marcia Nusgart, of the American Association of Homecare.

**Agenda Item # 20, Attachment # 02.146**

Request to establish a pediatric rigid fully adjustable wheelchair.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???1 STANDARD WHEELCHAIR, PEDIATRIC SIZE

CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker – Marcia Nusgart, R. Ph. on behalf of the American Association for Homecare

**Agenda Item # 21 A, B, C, Attachment #'s 02.149, 02.150 & 02.151**

Request to establish a code for pediatric wheelchairs:

- A) Pediatric, folding, size-adjustable wheelchair.
- B) Pediatric, folding, semi-adjustable wheelchair.
- C) Pediatric, folding, growing, semi-adjustable wheelchair.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code for use for products A, B and C:

E???2 FOLDING WHEELCHAIR, PEDIATRIC SIZE

CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker – Dr. Freeman Miller, MD

**Meeting Agenda Item # 22, Attachment # 02.153**

Request to establish a code for an adult rigid fully adjustable tilt-in-space mobility base.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???4 STANDARD WHEELCHAIR, INCLUDES TILT IN SPACE SEATING SYSTEM

CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker – Carrie Strine, OTR/L, DuPont Hospital for Children

**Agenda Item # 23, Attachment # 02.145**

Request to establish a code for a pediatric folding reversible seat exchange tilt-in-space size adjustable dependent mobility base.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

E???5 WHEELCHAIR BASE, PEDIATRIC SIZE, WITHOUT SEATING SYSTEM

CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Theresa Snell – (In absentia)

**Agenda Item # 24, Attachment # 02.148**

Request to establish a code for pediatric rigid growing fully adjustable tilt-in-space mobility base.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following codes:

E???5 WHEELCHAIR BASE, PEDIATRIC SIZE, WITHOUT SEATING SYSTEM

E???7 SEATING SYSTEM FOR PEDIATRIC SIZE WHEELCHAIR BASE

E???2 FOLDING WHEELCHAIR, PEDIATRIC SIZE

CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker - Lew Golinker, Esq., Assistive Technology Law Center, Ithaca, NY

**Agenda Item # 25, Attachment # 02.147**

Request to establish a code for a pediatric rigid growing fully adjustable mobility base.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following codes:

E???7 SEATING SYSTEM FOR PEDIATRIC SIZE WHEELCHAIR BASE

E???6 PEDIATRIC SIZE WHEELCHAIR BASE, GROWTH ADJUSTABLE WITHOUT SEATING SYSTEM

CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker – Gary Gilberti, Chesapeake Rehab

**Agenda Item # 26, Attachment # 02.152**

Request to establish a code for a pediatric folding growing fully adjustable mobility base.

CMS HCPCS Workgroup preliminary recommendation to the HCPCS National Panel to establish the following code:

## E???6 PEDIATRIC SIZE WHEELCHAIR BASE, GROWTH ADJUSTABLE WITHOUT SEATING SYSTEM

### CMS preliminary payment recommendation:

Codes E???1 thru E???7 would fall under the DME fee schedule payment category for capped rental items (pricing indicator of 36 in the HCPCS). If covered, payment would be made on a rental basis. The fee schedule amounts would be gap-filled by the DMERCs.

Primary Speaker – Rita Hostak, AAHomecare, Chair of RATC and Coding Task Force, Sunrise Medical

### Regarding Agenda Items 18 – 26:

For wheelchair and mobility base items on the Public Meeting Agenda (Items 18 through 26), primary speakers were designated as noted above, by Marcia Nusgart on behalf of the American Association for Homecare (AAH). Speakers shared their perspectives regarding product and code distinction, unique needs of children, needs of children with disabilities, definition of specified seating mobility features, seating and mobility evaluation, impact of coding on access to technology, and mandates of the Medicaid program. The American Association for Homecare's position is that, unless specified seating and mobility features are uniquely coded, they won't be provided. The AAH reiterated its original coding request. The AAH also requested that CMS consider the 'Inexpensive or Routinely Purchased' pricing category, instead of paying on a rental basis (if covered) under the DME fee schedule payment category for capped rental items.

John and Theresa Snell of Easton, MD, were kind enough to share a video of their daughter, Carli, entitled "A Day in the Life of Carli Snell". The film demonstrated use of a pediatric mobility base.

Simone Cook, Acting Supervisor of the DMS/DME/Oxygen Unit of the Maryland Department of Health and Mental Hygiene, read a statement that indicated a need to create new, distinct HCPCS codes for pediatric mobility equipment, since local codes will be eliminated under HIPAA requirements.



## **CLOSING REMARKS**

In light of new information provided at the DME public meetings, the HCPCS workgroup will reconsider its preliminary coding recommendations, CMS staff will reconsider payment methodology recommendations, and the workgroup will formulate its final recommendation to the HCPCS National Panel. By November 15, 2002, the HCPCS Coordinator will mail letters to every requestor of a HCPCS coding change, notifying them of the National Panel's decision. The HCPCS Level II annual update, including any coding changes, will be effective January 1<sup>st</sup> 2003.

This is the final DME public meeting for this year. The dates of the 2003 Public Meetings have not yet been established, but will be published in a Federal Register Notice this fall.

Cindy Hake of CMS thanked the participants for their very valuable input at the meeting, and for all the time and effort that was obviously spent on the well-done presentations.

CMS wishes to especially thank the Dangoy family and the Snell family, for sharing their intimate perspectives on how certain products represented at the public meeting have helped their children.

## **PAYMENT FOR DURABLE MEDICAL EQUIPMENT (DME)**

Section 1834(a) of the Social Security Act (the Act) requires that payment for DME furnished on or after January 1, 1989, be made on the basis of fee schedules. Prior to January 1, 1989, payment for DME was made on the basis of the reasonable charge methodology. For purposes of establishing the DME fee schedule, section 1834(a) of the Act separates DME into the following payment categories, each with its own unique payment rules:

- Inexpensive and other Routinely Purchased Items
- Frequently Serviced Items
- Oxygen and Oxygen Equipment
- Capped Rental Items

There is also a payment category for customized items. The carriers determine the payment amount for purchase of each customized item. These payment categories are described at the end of this document.

Section 1834(a) of the Act requires that statewide fee schedule amounts be established based on average reasonable charges made during a base period from 1986 to 1987, increased by 1.7 percent to arrive at 1989 ("base") fee schedule amounts. The specific months from 1986 to 1987 that are used to calculate the statewide fee schedule amounts vary by payment category. The fee schedule amounts are updated on an annual basis by a factor legislated by Congress. In addition, the fee schedule amounts are limited by a national ceiling (upper limit), equal to the median of the statewide fee schedule amounts, and a national floor (lower limit), equal to 85 percent of the median of the statewide fee schedule amounts.

Because reasonable charge data from 1986-87 does not exist for new DME items, the carriers must "gap-fill" the base fee schedule amounts for these items using a methodology provided in section 5101.2.A of the Medicare Carriers Manual. This section instructs the carriers to gap-fill using:

- the fee schedule amounts for comparable equipment,
- calculated fee schedule amounts from a neighboring carrier, or
- supplier price lists.

As a substitute for supplier price lists when they are not available, the carriers may gap-fill the base fee schedule amounts using the manufacturer's suggested retail prices or wholesale prices plus a markup.

The gap-filling methodology is used to approximate historic reasonable charges from 1986 to 1987 when historic data are not available. This gap-filling methodology has been in use since 1989, the initial year of the DME fee schedules. If neither reasonable charge data or prices lists from 1986-87 are available and more current prices are used, the carriers are instructed to decrease the more current prices by a “deflation” factor in order to approximate the 1986/1987 base year price for gap-filling purposes. The deflation factors are equal to the percentage change in the consumer price index for all urban consumers (CPI-U) from the mid-point of the fee schedule base period (1986/87) to the mid-point of the year in which the retail price is in effect (e.g. 2001). After deflating the prices, the carriers will increase the prices by 1.7 percent to arrive at 1989 base fee schedule amounts.

The carriers then submit the 1989 base fee schedule amounts to CMS. To set the final fee schedule amounts, CMS applies all of the annual update factors that have occurred since 1989 to these base amounts and calculates the national ceiling and floor limits. The final fee schedule amounts are then transmitted to the carriers and fiscal intermediaries for implementation.

## **DME PAYMENT CATEGORIES**

### **INEXPENSIVE AND OTHER ROUTINELY PURCHASED ITEMS**

- Section 1834(a)(2) of the Act
- Fee Schedules: Purchase (new); Purchase (used); Rental (monthly)
- Fee Schedule Base Period: July 1, 1986 through June 30, 1987

Items that have a purchase price of \$150 or less, are generally purchased 75 percent of the time or more, or which are accessories used in conjunction with a nebulizer, aspirator, continuous airway pressure device, or intermittent assist device with continuous airway pressure device. Total rental payments cannot exceed the purchase (new) fee for the item.

### **FREQUENTLY SERVICED ITEMS**

- Section 1834(a)(3) of the Act
- Fee Schedules: Rental (monthly)
- Fee Schedule Base Period: July 1, 1986 through June 30, 1987

Items that require frequent and substantial servicing. Examples of such items are provided in section 1834(a)(3)(A) of the Act. These items are rented as long as they are medically necessary.

### **OXYGEN AND OXYGEN EQUIPMENT**

- Section 1834(a)(5) of the Act
- Fee Schedules: Monthly Payment Amounts for Stationary Equipment, Oxygen Contents, Portable Oxygen Contents, and Portable Equipment
- Fee Schedule Base Period: January 1, 1986 through December 31, 1986

Monthly payments are made for furnishing oxygen and oxygen equipment. If the beneficiary owns their equipment, a monthly payment is made for oxygen contents only. An additional monthly payment is made for those beneficiaries who require portable oxygen. If the beneficiary owns their portable equipment, then a monthly payment is made for portable contents only.

#### CAPPED RENTAL ITEMS

- Section 1834(a)(7) of the Act
- Fee Schedules: Rental (monthly), Purchase (power wheelchairs only)
- Fee Schedule Base Period: July 1, 1986 through December 31, 1986

Payment for these items is on a rental basis. However, beneficiaries have the option to take over ownership of these items after the 13<sup>th</sup> rental payment. The supplier must inform the beneficiary of the "purchase option" in the 10<sup>th</sup> month of rental. If the beneficiary chooses the rental option, total rental payments may not exceed 15, but the supplier must continue to furnish the item as long as it is medically necessary.

The rental fee for capped rental items for each of the first 3 months of rental is equal to 10 percent of the purchase fee for the item. The rental fee for months 4 through 15 is equal to 7.5 percent of the purchase fee for the item. Power wheelchairs can be purchased in the first month.

Beginning 6 months after the 15<sup>th</sup> rental payment is made, suppliers may be paid a semi-annual (every 6 months) maintenance and servicing fee that is not to exceed 10 percent of the purchase fee for the item. For patient owned items, payment for maintenance and servicing is made as needed.

#### CERTAIN CUSTOMIZED ITEMS

- Section 1834(a)(4) of the Act

Payment is made in a lump-sum amount for the purchase of the item in a payment amount based on the carrier's individual consideration for that item.